

March 22, 2007

Representative Marilyn Giuliano
Room 4200, Legislative Office Building
Hartford, CT 06106-1591

RE: Audits Required of Non -Profit Organizations

Dear Representative Giuliano:

Thank you again for having your staff research the requirement that annual audits are required by the State of Connecticut for any non-profit organization with annual revenues over \$250,000. The purpose of this letter is to request that changes be made to serve the purpose of the audits in a manner that reduces the disproportionate burden it places upon many smaller organizations.

Ensuring that the public trust is upheld and that funds donated are properly used is a beneficial purpose for audits. However, the threshold of \$250,000 and annual frequency results in extremely high costs that are disproportionate for the purpose served.

Lyme Art Association has annual revenues of approximately \$300,000 per year. The cost of an audit is in excess of \$4000. This represents a significant burden for our organization since it is a strain to meet operating costs even with a small staff. For instance, our membership revenue is budgeted for \$36,000 this year so the cost of the audit is over 10% of that income. Another example would be the comparison to sales of paintings. We have to sell over \$12,000 in paintings to net the cost of the audit. *That represents over half of what the average exhibition grosses in sales revenue.*

It would be greatly appreciated if the requirement for the annual audits could be amended to increase the revenue threshold and reduce the frequency from annual to every 3-5 years. An approach might be to adjust the frequency based on various revenue levels in order to reduce the proportionate cost for the smaller & medium size non-profit organizations, or provide a means of applying for waivers periodically.

Thank you again for the assistance you have provided and for your consideration of this proposal.

Respectfully,

Steven A. Ross
Board of Directors